



# NEWS RELEASE



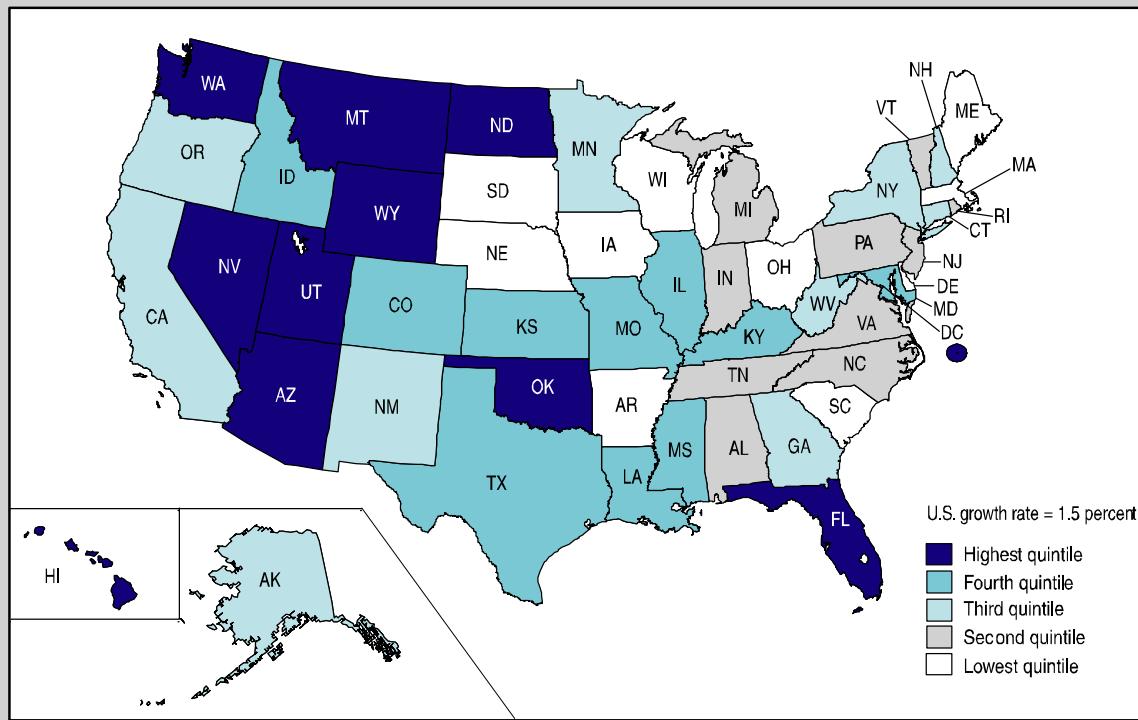
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## State Personal Income: Second Quarter 2005

Personal income for the nation grew 1.5 percent in the second quarter of 2005, an acceleration from the 0.6 percent growth of the first quarter and a return to the average pace of the last six quarters. Almost all states participated in the acceleration, although in three states (Texas, Louisiana, and North Carolina) the growth rate equaled the first quarter's and in four states (Idaho, New Mexico, Arkansas, and South Dakota) growth slowed from the first quarter. Even so, personal income growth in all states exceeded the second quarter's 0.8 percent inflation rate (as measured by the national price index for personal consumption expenditure).

Chart 1. Personal Income: Percent Change, 2005:I–2005:II



U.S. Bureau of Economic Analysis

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## **Earnings by Industry**

Earnings grew 1.6 percent nationally (Table 3). Three industries, professional services, real estate, and health care contributed one-third of total growth in earnings by place of work. Real estate in fact had the fastest growth of all industries, growing 7.1 percent. The gains were concentrated in proprietors' income which grew 11.6 percent in contrast to the 2.7 percent gain in wages and salaries in this industry (earnings is the sum of proprietors' income, wages and salaries, and supplements to wages and salaries). Proprietors' income growth in the real estate industry reflects (among other things) the commissions real estate agents have been earning on rapidly escalating house prices.

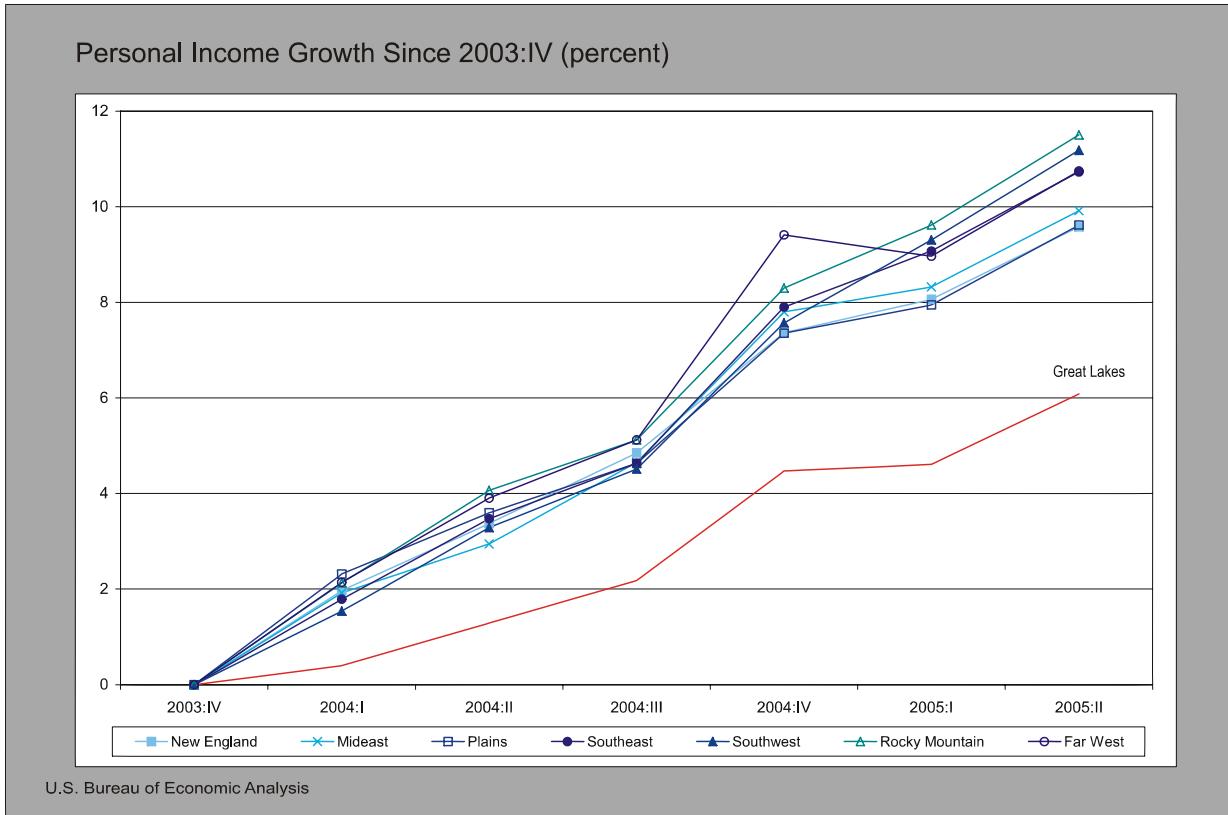
Mining earnings grew 5.2 percent in the second quarter, with growth particularly strong in the energy sector. This was a major contributor to growth in the oil patch (Texas, Oklahoma, and Louisiana) as well as other major energy producing states (Alaska, Wyoming, New Mexico, and West Virginia). Mining contributed from 15 to 33 percent of total earnings growth in these states and put Wyoming and Oklahoma among the ten states with the largest increases in personal income.

Earnings in two nonfarm industries declined in the second quarter. After peaking in the first quarter, military earnings fell 1.7 percent due to a slight overall decline in the number of activated reservists. In addition, earnings in private educational services fell 0.2 percent. Although educational services is one of the smaller industries for which quarterly earnings are published, this industry reflects broader regional economic and demographic trends. States with relatively fast population growth (e.g. Nevada, Arizona, Florida, and Idaho) tended to see strong earnings gains while states with relatively slow economic growth or population loss (e.g. Michigan, Ohio, and Massachusetts) tended to see declines.

## **Earnings by State and Region**

The Rocky Mountain and Far West Regions grew the fastest of the 8 BEA regions. Both grew 1.9 percent. New England and the Great Lakes grew the slowest (1.4 percent).

For the last year and a half the Great Lakes region has persisted on a distinctly slower personal income growth trajectory than the rest of the country. Even the strongest state within the Great Lakes, Wisconsin, is growing slower than the Plains regional average (the Plains being the second weakest region). Since the fourth quarter of 2003 earnings by place of work has grown only 6.3 percent in the Great Lakes versus 11.8 percent in the rest of the country, largely because of weakness in the region's durable goods manufacturing industry.



The estimates released today reflect annual and quarterly revisions in state personal income beginning with the first quarter of 2002. Revisions are usually made each September to incorporate source data that are more complete, more detailed, and otherwise more consistent than previously available. The October 2005 *Survey of Current Business* will contain detailed state personal income tables and an article describing the revisions. The quarterly and annual revised estimates are available from BEA's Web site at [www.bea.gov](http://www.bea.gov).

The website also has Hurricane Katrina FAQs describing how and when the hurricane will be reflected in BEA's regional income and product accounts.

## **Definitions**

**Personal income** is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts. **Net earnings** is earnings by place of work (the sum of wage and salary disbursements (payrolls), supplements to wages and salaries, and proprietors' income) less contributions for government social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

The estimate of personal income in the United States is derived as the sum of the state estimates; it differs from the estimate of personal income in the national income and product accounts (NIPAs) because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

BEA groups all 50 states and the District of Columbia into eight distinct regions for purposes of data collecting and analyses: **New England** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); **Mideast** (Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania); **Great Lakes** (Illinois, Indiana, Michigan, Ohio, and Wisconsin); **Plains** (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota); **Southeast** (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia); **Southwest** (Arizona, New Mexico, Oklahoma, and Texas); **Rocky Mountain** (Colorado, Idaho, Montana, Utah, and Wyoming); and **Far West** (Alaska, California, Hawaii, Nevada, Oregon, and Washington).

BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

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Next state personal income release – December 20, 2005, at 8:30 A.M. ET for state personal income, third quarter 2005.









Table 4. Revisions to Personal Income, by State and Region, 2002-2004

	Revised (Millions of dollars)			Percent Revision		
	2002	2003	2004	2002	2003	2004
<b>United States .....</b>	<b>8,872,521</b>	<b>9,156,108</b>	<b>9,702,525</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>
<b>New England</b>						
Connecticut .....	147,163	149,276	159,435	0.1	-0.4	0.2
Maine .....	35,965	37,251	39,482	-1.6	-2.4	-1.9
Massachusetts .....	249,928	255,375	270,145	0.0	0.7	0.7
New Hampshire .....	43,441	44,521	47,661	-1.4	-1.7	-1.0
Rhode Island .....	33,644	34,921	36,936	1.4	1.3	1.3
Vermont .....	18,030	18,644	19,721	-2.0	-2.5	-3.2
<b>Mideast</b>						
Delaware .....	26,509	27,672	29,527	-0.6	-1.1	-0.8
District of Columbia .....	25,937	26,922	28,839	-1.0	-0.3	0.6
Maryland .....	198,785	206,515	220,261	-0.1	0.0	1.0
New Jersey .....	337,873	343,421	362,190	1.1	0.4	0.7
New York .....	676,856	690,365	737,039	0.0	-0.5	0.3
Pennsylvania .....	382,243	392,528	412,591	-0.1	-0.6	-0.3
<b>Great Lakes</b>						
Illinois .....	413,991	427,212	441,485	1.2	2.5	1.1
Indiana .....	172,392	178,815	187,565	0.1	0.0	-0.1
Michigan .....	303,535	318,491	324,134	0.6	1.3	0.3
Ohio .....	333,120	342,424	356,774	-0.1	-0.6	-0.6
Wisconsin .....	163,273	167,586	176,636	0.2	-0.2	-0.3
<b>Plains</b>						
Iowa .....	82,487	84,029	91,500	0.9	0.8	1.3
Kansas .....	78,556	80,792	84,810	0.4	0.7	0.6
Minnesota .....	166,980	173,300	184,515	0.2	0.6	0.9
Missouri .....	161,093	166,998	175,611	-1.2	-0.9	-0.3
Nebraska.....	50,347	53,427	56,393	1.7	1.9	3.0
North Dakota .....	16,764	18,194	18,553	-1.1	-0.7	-6.9
South Dakota .....	20,429	22,231	23,602	0.0	0.7	-0.8
<b>Southeast</b>						
Alabama .....	113,784	118,481	125,167	-0.8	-0.7	-0.6
Arkansas .....	63,324	66,082	70,810	-0.3	-0.7	0.0
Florida .....	495,429	511,951	547,312	0.5	0.1	0.0
Georgia .....	244,948	250,662	265,538	0.0	-0.4	0.1
Kentucky .....	103,619	106,688	112,566	-1.7	-2.5	-2.0
Louisiana .....	112,709	116,176	122,913	-1.5	-1.7	-1.3
Mississippi .....	63,923	66,664	70,770	-1.0	-1.4	-1.1
North Carolina .....	228,621	234,544	250,286	-0.5	-0.8	0.2
South Carolina .....	104,054	107,660	113,988	-0.6	-0.7	-0.1
Tennessee .....	159,102	166,075	175,885	-0.8	-0.8	-0.7
Virginia .....	240,158	250,365	269,862	0.2	0.8	2.0
West Virginia .....	43,270	44,290	46,619	0.5	-0.4	-0.7
<b>Southwest</b>						
Arizona .....	144,101	151,716	164,324	-0.7	-0.1	0.6
New Mexico .....	44,982	46,782	49,778	0.1	-0.4	-0.1
Oklahoma .....	90,164	93,118	98,020	-0.4	-0.6	-1.0
Texas .....	626,784	651,009	690,376	0.5	1.3	1.6
<b>Rocky Mountain</b>						
Colorado .....	153,078	157,083	166,153	-0.6	-0.1	0.1
Idaho .....	33,823	34,660	37,394	-1.6	-2.1	-1.0
Montana .....	22,843	24,096	25,643	2.1	3.3	3.0
Utah .....	58,163	60,320	64,376	0.1	0.9	1.3
Wyoming .....	15,481	16,226	17,323	-0.4	-0.4	-0.3
<b>Far West</b>						
Alaska .....	20,709	21,403	22,340	-0.8	-0.6	-1.1
California .....	1,147,868	1,184,058	1,262,454	-0.1	-0.1	0.4
Hawaii .....	36,371	38,125	41,176	-0.3	0.3	1.4
Nevada .....	66,649	71,632	78,876	-0.4	0.1	1.1
Oregon .....	101,902	103,988	109,935	1.6	1.5	2.0
Washington .....	197,324	201,342	217,240	-0.5	-1.2	-0.8
<b>BEA regions</b>						
New England.....	528,170	539,988	573,379	-0.2	-0.1	0.2
Mideast.....	1,648,202	1,687,423	1,790,447	0.2	-0.3	0.3
Great Lakes.....	1,386,311	1,434,528	1,486,594	0.5	0.8	0.2
Plains.....	576,655	598,971	634,984	0.0	0.3	0.5
Southeast.....	1,972,941	2,039,640	2,171,715	-0.3	-0.5	-0.1
Southwest.....	906,031	942,624	1,002,498	0.2	0.8	1.1
Rocky Mountain.....	283,387	292,385	310,888	-0.3	0.1	0.4
Far West.....	1,570,823	1,620,549	1,732,021	-0.1	-0.1	0.4

Source: U.S. Bureau of Economic Analysis